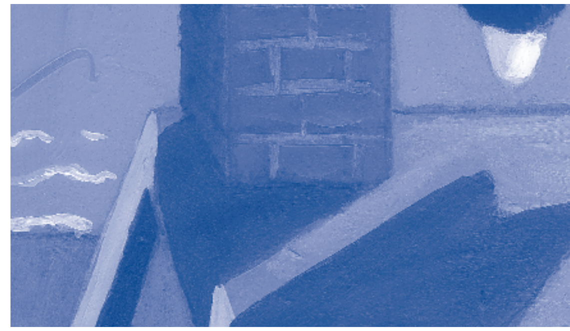
Maine Policy Review

Volume 12
Issue 2 *Aging*

2003

Government-Assisted Rental Accommodations: Should They Accommodate Homeowners with Unmet Needs?

Stephen M. Golant
University of Florida



Government-Assisted Rental Accommodations:

Should They Accommodate Homeowners with Unmet Needs?

by Stephen M. Golant

In this article, Stephen Golant, a national expert on elderly housing concerns, describes the types and seriousness of housing problems facing elders nationally and in Maine. Although older adults are predominantly homeowners, national policymakers often downplay the needs of this group and hand over responsibility to state and local governments. The author reviews arguments that cynics have offered for deemphasizing older homeowners' needs, and discusses various solutions to meet those needs. He poses the question: Do we unrealistically romanticize aging in place? As the title of the article suggests, Golant proposes that a good solution to the needs of older homeowners is to increase the availability of government-assisted rental accommodations, ideally accompanied by supportive services.

Homeowners dominate the residential landscape of older American households. Nationally, almost eight out of every 10 older households owned their dwellings (Table 1).[1] Projections show that this already historically high rate of homeownership will increase further, reaching 84% by 2020 (Joint Center for Housing Studies of Harvard University 2001).

Most older homeowners live in affordable properties in good condition and maintain their independent lifestyles. However, a significant share are not so fortunate. They have lower incomes, are burdened with excessive housing costs, live in dwellings with physical problems, and struggle to maintain their independent lifestyles because physical or cognitive disabilities have restricted their everyday activities. Still, policymakers nationwide often downplay the housing problems of older homeowners (Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century 2002). The result is that state and local governments often are handed the responsibility of dealing with the unaddressed problems of this older group.

Maine's older households are also predominantly homeowners (Table 1). The state's policymakers must make their own judgments regarding the seriousness of their housing problems. They must decide how to allocate their limited fiscal resources among their multiple needy constituencies and weigh the effectiveness of alternative programmatic responses. Even if they determine that the state's older homeowners have unmet needs comparable to those nationwide, finding workable solutions may be more difficult. Programs may be more difficult or expensive to implement because of the predominantly rural locations of Maine's older homeowners, its aging housing stock, and because of the state's more expensive housing market. Even as the state government has formulated a five-year consolidated plan that has identified assistance to low-income homeowners as a priority (Maine State Housing Authority 1999a), it has not specifically targeted the distinctive problems of older homeowners, nor has it proposed any comprehensive set of strategies to alleviate this group's unmet needs.

TABLE 1: **Homeownership Rates, by Age of Householder, United States and Maine, 2000**

	% Owners	
Age Groups	Maine	U.S.
All age groups	71.6	66.2
15 to 24	19.3	17.9
25 to 34	52.7	45.6
35 to 44	73.4	66.2
45 to 54	81.1	74.9
55 to 64	83.5	79.8
65 to 74	81.0	81.3
75 to 84	73.6	77.3
85 and over	62.4	66.1
65 and over	76.2	78.1
75 and over	70.9	74.7

Source: U.S. Census 2000, Table QT-H2, Summary File 1 (SF 1)

Income Categories According to Department of Housing and Urban Development (HUD)

Extremely low income:
30% and under of Area Median Income Threshold (AMI)

Very low income:
50% and under of Area Median Income Threshold (AMI)

Low income:
80% and under of Area Median Income Threshold (AMI)

HUD estimates an Area Median Income (AMI) for each metropolitan area or nonmetropolitan county. The AMI is assumed to refer to a four-person family, because of historical precedents. In 1999, the area median income for a four-person family in the United States was $47,800. It was $51,300 for metropolitan areas, and $35,900 for nonmetropolitan areas. A one-person AMI threshold is computed by reducing the four-person AMI by .7 and a two-person AMI by .8. Thus, a hypothetical older person living alone in the United States in 1999 would be considered to have a ***very low income*** *if his/her median income was less than $16,730; that is, .7 x .5 x $47,800.*

TABLE 2: **Household Income Distributions of Homeowners and Renters, United States, 1999**

Tenure	Less than 30% AMI	31% to 50% AMI	51% to 80% AMI	81% and over AMI	All Incomes	50% and under AMI	80% and under AMI
	Income Categories (percentage distributions)						
Owners	22.1	22.0	21.7	34.2	100.0	44.1	65.8
Renters	46.5	25.0	15.3	13.3	100.0	71.4	86.7
All age 65+ households	26.9	22.6	20.4	30.1	100.0	49.5	69.9

AMI: HUD Adjusted Area Median Income.

Source: U.S. Census Bureau 2000

This paper describes the types and seriousness of the problems confronted by older homeowners nationally, and as current statistics allow, estimates the magnitude of these unmet needs in Maine. It identifies the various arguments that cynics offer for deemphasizing the needs of this group, but argues that there is still a large older homeowner constituency in need of housing assistance. After reviewing the various types of solutions to assist this group, it proposes that increasing the availability of affordable rental accommodations—ideally integrated with supportive services—should be a principal response.

TROUBLE IN PARADISE

A Substantial Share of U.S. Older Homeowners Have Low Incomes

Estimates of the number of low-income households often are based on U.S. poverty threshold levels. Even as this "income" indicator is widely used to define eligibility for most social and long-term care programs, it fails to take into account cost of living differences and thus often understates the prevalence of poverty.

TABLE 3: **Characteristics of Age 65 and Over Householders in Owned Units, United States, by Income Groups, 1999**

Household Indicators	Less than 30% AMI	31% to 50% AMI	51% to 80% AMI	81% and over AMI	All Incomes	50% and under AMI	80% and under AMI
	Income Categories (percentage distributions)						
Number of age 65+ householders	3,806,000	3,779,000	3,734,000	5,878,000	17,197,000	7,585,000	11,319,000
Age 65-74	41.7	45.5	54.9	64.2	53.1	43.6	47.3
Age 75+	58.3	54.5	45.1	35.8	46.9	56.4	52.7
All age 65+ households	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Living alone	56.6	51.2	32.6	23.1	38.8	53.9	46.9
Married	31.3	39.2	53.5	64.1	49.1	35.3	41.3
Other arrangements	12.1	9.6	13.8	12.8	12.2	10.8	11.8
All age 65+ households	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than a high school diploma	45.1	36.2	29.2	18.1	30.5	40.7	36.9
High school diploma or higher	54.9	63.7	70.8	81.8	69.5	59.3	63.1
All age 65+ households	100.0	100.0	100.0	100.0	100.0	100.0	100.0

AMI: HUD Adjusted Area Median Income.

Source: U.S. Census Bureau 2000

In contrast, the Department of Housing and Urban Development (HUD) relates the household incomes of older homeowners to the median income (adjusted by household size) of where they live (see sidebar p. 37). A commonly used threshold is the percentage of households with incomes that are less than 50% of their metropolitan area's median income or nonmetropolitan county's area median income. When applying this *very low income* indicator, about 44% of older homeowners nationally are poor (Table 2; U.S. Census Bureau 2000). Nationally, these *very low income* older homeowners are further disadvantaged because 41% have no savings and another 26% report savings of less than $25,000 (Golant 2002). They also mostly live alone, are less educated, and are chronologically older (age 75 and over) (Table 3). In Maine, a very similar share of age 65 and older homeowners is chronologically older and lives alone. Like the nation's older homeowners, about one out of every two age 75 and older homeowners in Maine lives alone.[2]

Comparable income statistics are not available to describe Maine's older homeowners, but HUD's area-based income measure would help to capture the substantial cost of living differences found throughout the state. In 2003, HUD's estimated area median incomes in the state ranged from $67,000 in the Portsmouth-Rochester, New Hampshire/Maine metropolitan area to $33,400 in Washington County, a ratio of over 2 to 1. The Department of Housing and Urban Development pegged the lowest *very low income* threshold for a one-person household in the state at $15,550.[3] To put this income threshold in perspective, in 2000, almost one out of every three age 65 and older households in Maine (owners and renters) had annual incomes below $15,000.[4]

A Substantial Share of U.S. Older Homeowners Have Housing Problems

The Department of Housing and Urban Development relies on two key indicators to judge the housing problems of older households: dwelling affordability and the physical condition of dwellings. Older households are considered as living in unaffordable dwellings if they pay more than 50% of their monthly income on their housing costs (*serious housing cost burdens*) or if they pay between 30.1% to 50% of their monthly income on their housing costs (*moderate housing cost burdens*). Nationally, in 1999, almost one out of every two *very low income* older homeowners had serious or moderate cost burdens. In particular, over one out of four had serious housing cost burdens (Table 4).

Second, HUD judges older households to have housing problems if they live in dwellings in poor physical condition as indicated by the presence of problems in their plumbing, heating, and electrical systems, and specifically in their hallways and kitchens (see sidebar p. 41). Nationally, about 2.3% of *very low income* older homeowners lived in dwellings with severe physical problems and another 4.4% lived in dwellings with moderate physical problems (Table 4).

> …affordability is by far the most prevalent problem of older homeowners… .

The Department of Housing and Urban Development also usually reports on two summary indicators (*priority* and *less severe problems*) that describe the extent to which *very low income* older homeowners have a combination of these two types of problems (see sidebar p. 41). Table 4 shows that the percentage of older homeowners in these two broad categories will closely approximate the percentage who reported serious and moderate housing cost burdens. This is because affordability is by far the most prevalent problem of older homeowners and because even those who occupy dwellings with physical problems may at the same time have affordability problems.[5]

If we assume that Maine's older homeowners have the same income distribution and prevalence of problems as older homeowners nationally, then the state would now have almost 11,000 *very low income* older

TABLE 4: **Housing Problems of Older Homeowners, United States, 1999**

Household Indicators	Less than 30% AMI	31% to 50% AMI	51% to 80% AMI	81% and over AMI	All Incomes	50% and under AMI	80% and under AMI
	Income Categories (percentage distributions)						
Affordability Problems							
More than 50% of monthly income on housing costs	41.0	9.9	5.9	1.4	13.0	25.5	19.0
30.1% to 50% of monthly income on housing costs	24.3	18.9	10.5	5.1	13.5	21.6	18.0
30% or less of monthly income on housing costs	34.7	71.2	83.5	93.6	73.5	52.9	63.0
All homeowners	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Dwellings in Poor Physical Condition							
Dwellings with severe physical problems	2.9	1.7	1.3	1.0	1.6	2.3	2.0
Dwelling with moderate physical problems	5.3	3.5	2.7	1.6	3.1	4.4	3.8
Dwellings with few or no physical problems	91.8	94.8	96.0	97.4	95.3	93.3	94.2
All homeowners	100.0	100.0	100.0	100.0	100.0	100.0	100.0
HUD Dwelling Problem Indicators							
Priority problems	42.8	11.5	7.2	2.3	14.4	27.2	20.6
Less severe problems	26.1	21.2	12.8	6.7	15.5	23.7	20.1
No problems	31.0	67.4	79.9	91.0	70.1	49.1	59.3
All homeowners	100.0	100.0	100.0	100.0	100.0	100.0	100.0

AMI: HUD Adjusted Area Median Income.

Note: The percentage of households with affordability problems and the percentage of households occupying dwellings in poor physical condition will not sum exactly to the percentage of households in "HUD Dwelling Problem Indicators." This is because a given household can be in both categories at the same time; that is, it can occupy an unaffordable unit in poor physical condition.

Source: U.S. Census Bureau 2000

homeowners with *priority* problems and almost 9,400 with *less serious problems* (Table 5).[6]

An Older Housing Stock Increases Risk

The oldest dwellings occupied by elderly homeowners, those built 1949 or earlier, are at the greatest risk of requiring rehabilitation and thus of having severe or moderate physical problems (Golant 2002). Nationally, 29% of all older homeowners, and 34% of *very low income* homeowners occupied this oldest housing stock (Table 6). The dwellings occupied by Maine's older homeowners are even older. Maine has the seventh oldest housing stock in the United States (Maine State Housing Authority 1999b). In 2000, about 43% of Maine's age 65 and older homeowners occupied dwellings built 1949 or earlier. An even higher, 50% of homeowners age 75 and older occupied this oldest housing stock.[7]

Even if these older buildings do not fall into any of HUD's physical problem categories, they are still more likely to have inefficient, outdated, or poorly designed lighting, electrical, air and heating systems and insulation. Their older occupants would also likely benefit from home modifications such as the introduction of handrails or grab bars, ramps, easy-access bathrooms, specially equipped telephones, easy access

Housing Costs and Problems as Defined by Department of Housing and Urban Development (HUD)

Housing costs for owners: Payments for mortgages or installment loans or contracts, real estate taxes, property insurance, homeowner association fees, cooperative or condominium fees, and utilities. Expenditures on maintenance and repairs are not included as costs.

Priority Problems: Refers to households with a serious housing cost burden who pay more than 50% of their monthly income on their housing costs or that occupy dwellings with severe physical problems.[1]

Less Serious Problems:[2] Refers to households with a moderate housing cost burden who pay 30.1% to 50% of their monthly incomes on their housing costs or that occupy dwellings with moderate physical problems.

Dwellings with Severe Physical Problems: A unit has severe physical problems if it has any of the following five problems:

Plumbing. Lacking hot or cold piped water or a flush toilet, or lacking both bathtub and shower, all inside the structure (and for the exclusive use of the unit, unless there are two or more full bathrooms).

Heating. Having been uncomfortably cold last winter for 24 hours or more because the heating equipment broke down, and it broke down at least three times last winter for at least six hours each time.

Electric. Having no electricity, or all of the following three electric problems: exposed wiring, a room with no working wall outlet, and three blown fuses or tripped circuit breakers in the last 90 days.

Hallways. Having all of the following four problems in public areas: no working light fixtures, loose or missing steps, loose or missing railings, and no working elevator.

Upkeep. Having any five of the following six maintenance problems: (1) water leaks from the outside, such as from the roof, basement, windows, or doors; (2) leaks from inside the structure, such as pipes or plumbing fixtures; (3) holes in the floors; (4) holes or open cracks in the walls or ceilings; (5) more than 8 inches by 11 inches of peeling paint or broken plaster; or (6) signs of rats in the last 90 days.

Dwellings with Moderate Physical Problems: A unit has moderate physical problems if it has any of the following five problems, but none of the severe problems:

Plumbing. On at least three occasions during the last three months, all the flush toilets were broken down at the same time for six hours or more.

Heating. Having unvented gas, oil, or kerosene heaters as the primary heating equipment.

Kitchen. Lacking a kitchen sink, refrigerator, or cooking equipment (stove, burners, or microwave oven) inside the structure for the exclusive use of the unit.

Hallways. Having any three of the four problems listed above.

Upkeep. Having any three or four of the six problems listed above in "upkeep."

[1] Priority and less serious problems also include households living in overcrowded households (1.01 more persons per room), but there is a negligible percentage of older homeowners in this category.

[2] HUD refers to this problem category as "other problems."

TABLE 5: **Number of Age 65 and Over Homeowners with Problems by Income Status and House Value, United States and Maine**

Severity of Problems	Dwelling Value: Less than $40,000	$40,000 to $99,000	$100,000 or over	All owned dwellings
UNITED STATES, 1999 *Income 50% and under AMI*				
Priority problems	303,000	771,000	988,000	2,062,000
Less serious problems	369,000	691,000	735,000	1,795,000
No problems	708,000	1,777,000	1,243,000	3,728,000
All age 65+ homeowners	1,382,000	3,237,000	2,965,000	7,584,000
MAINE, 2000 *Income 50% and under AMI*				
Priority problems	1,580	4,021	5,152	10,753
Less serious problems	1,924	3,603	3,833	9,361
No problems	3,692	9,267	6,482	19,441
All age 65+ homeowners	7,197	16,891	15,467	39,555

AMI: HUD Adjusted Area Median Income.

Source: U.S. Census Bureau 2000

kitchens, stair lifts, widened doors or hallways, and modified sink faucets or cabinets (U. S. Department of Housing and Urban Development 2001). Without these modifications, a home is often more difficult and less safe to use, especially for the more physically frail occupants (Newman 2003; Pynoos *et al.* 1997). However, fixing these problems can be expensive, and it is often difficult to find reliable workers. Older homeowners may feel a sense of helplessness and despair because their living situations are outside of their control (Golant 1984; 1998).

The problems found in older dwellings will contribute not only to the poorer quality of life of their elderly occupants, but also can negatively impact their neighbohoods. In both the United States and in Maine, an older household occupies about one out of every four owned dwellings. Thus, if older homeowners fail to maintain their properties, entire neighborhoods may become physically distressed. Lower property values, higher rates of property depreciation, and lower property tax revenues are possible results (Burkhauser, Butricia, and Wasylenko 1995). Community revitalization efforts may be more difficult. As Bier (2001, 11) argues:

TABLE 6: **Age of Dwelling Units Occupied by Age 65 and Over Homeowners, United States, by Income Groups, 1999**

Household and Dwelling Indicators	Income Categories (percentage distributions): Less than 30% AMI	31% to 50% AMI	51% to 80% AMI	81% and over AMI	All Incomes	50% and under AMI	80% and under AMI
Year Dwelling Built							
Dwellings built 1949 or earlier	34.8	33.3	29.0	21.2	28.6	34.1	32.4
Dwellings built 1950 to 1969	36.0	36.4	36.4	38.9	37.2	36.2	36.2
Dwellings built 1970 to 1999	29.2	30.3	34.6	39.9	34.3	29.8	31.3
All age 65+ households	100.0	100.0	100.0	100.0	100.0	100.0	100.0

AMI: HUD Adjusted Area Median Income.

Source: U.S. Census Bureau 2000

TABLE 7: Percentage of Poor (Under the 150% Poverty Level), Age 65 and Over, Persons with Physical and Mental Disabilities, 1997, by Dwelling Type

	Level of Disability (percentage distributions)								
Age 65 and over persons with incomes under the 150% poverty level	No ADL or IADL disability	IADLs only	1-2 IADLs only	3-6 IADLs only	At least 1 ADL	1-2 ADLs	3-6 ADLs		Percentage of older persons with a mental disability seriously interfering with everyday activities
All homeowners	**75.5**	**13.8**	11.6	2.3	**10.7**	6.0	4.6	**100.0**	10.6
All renters	**67.2**	**19.2**	14.7	4.5	**13.6**	7.2	6.3	**100.0**	13.1
All age 65 and over persons	**72.6**	**15.7**	12.6	3.0	**11.7**	6.5	5.2	**100.0**	11.5

IADLs: Instrumental Activities of Daily Living (preparing meals, doing light housework, taking right amount of medicine, keeping track of money or bills, going outside the home).

ADLs: Activities of Daily Living (getting in and out of bed or a chair, taking a bath or shower, dressing, walking, eating, and using or getting to a toilet).

Bolded percentages add to 100%.

Source: U.S. Census Bureau 1996

Governing and managing a suburb whose real estate is aging and on the downside is a very different role than when it was new. It is a challenge for those involved to recognize that the magnitude of the forces undermining their community makes their situation a life-or-death battle.

Some Older Homeowners Are Especially Vulnerable

Older homeowners are especially vulnerable when they are both poor and have physical or cognitive limitations that make it difficult for them to easily conduct their everyday activities without the help of others. In 1996, almost 11% of age 65 and over homeowners under the 150% poverty level[8] in the United States had difficulty performing without assistance at least one of their everyday activities of daily living (ADLs) and about 14% specifically had trouble carrying out their instrumental activities of daily living (IADLs) (Table 7).[9] A smaller share of these older persons, 4.6%, were especially impaired because they had limitations in 3 or more ADLs. Almost 11% of older homeowners had a mental disability that interfered with their everyday activities. Comparable frailty estimates for Maine are unavailable, but should be similar because it has a similar distribution of young-old (age 65 to 74) and old-old (age 75 and over) homeowners as the country overall.[10]

DO OLDER HOMEOWNERS DESERVE ANY GOVERNMENT ASSISTANCE?

National assessments by government agencies sometime ignore the problems of homeowners. For example HUD, when it reports to Congress about "worst case housing needs" in the United States (*very low income* households that have excessive housing cost burdens or that occupy dwellings with severe physical problems), only tabulates the problems of renters (U.S. Department of Housing and Urban

Development 2000).[11] More recently, a General Accounting Office analysis of the elderly households in need of Section 202 affordable rental housing[12] excluded very low-income homeowners from their estimates (U.S. General Accounting Office 2003). Skeptics identify four reasons for why older homeowners should not be targeted as a priority group in need: (1) older homeowners have lower priority needs than renters; (2) they live in high-valued and paid-up properties and therefore should find ways to consume their dwelling's equity; (3) they have unpaid mortgages, which is a short-term financial problem; and (4) they are overhoused and therefore they should downsize their accommodations.

Targeting Homeowners is a Lower Priority

Skeptics present evidence that older homeowners are less likely than older renters to experience housing cost burdens (Golant 2002). Thus, when federal and state governments have tight budgets, programs must justifiably target elderly renters. Policymakers argue that if they targeted needy older homeowners, much less funding would be available to assist elderly renters (Khadduri and Nelson 1992). They emphasize that even a relatively small *share* of older homeowners with housing problems constitutes a very large *number* of households. Even limiting the targeted group of homeowners to those with *very low incomes* and those with *priority* problems results

TABLE 8: **At-Risk Dwelling Characteristics of Age 65 and Over Householders in Owned Units, United States, by Income Groups, 1999**

Household and Dwelling Indicators	Income Categories (percentage distributions) Less than 30% AMI	31% to 50% AMI	51% to 80% AMI	81% and over AMI	All Incomes	50% and under AMI	80% and under AMI
Number of Age 65+ Householders	3,806,000	3,779,000	3,734,000	5,878,000	17,197,000	7,585,000	11,319,000
Value of Dwelling							
Dwelling value less than $40,000	19.7	16.7	10.0	6.7	12.5	18.2	15.5
Dwelling value $40,000 to $99,000	41.5	43.9	44.5	33.4	39.9	42.7	43.3
Dwelling value $100,000 or more	38.8	39.4	45.4	59.9	47.6	39.1	41.2
All age 65+ households	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Mortgage Status							
Householders with a mortgage in effect on dwelling	13.7	12.4	18.4	25.0	18.3	13.0	14.8
Householders with no mortgage in effect on dwelling	86.3	87.6	81.6	75.0	81.7	87.0	85.2
All age 65+ households	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Overhoused Status							
Overhoused	29.3	27.2	19.4	16.5	22.3	28.2	25.3
Not overhoused	70.7	72.8	80.6	83.5	77.7	71.8	74.7
All age 65+ households	100.0	100.0	100.0	100.0	100.0	100.0	100.0

AMI: HUD Adjusted Area Median Income.

Source: U.S. Census Bureau 2000

TABLE 9: **Prevalence of Very Low Income U.S. Age 65 and Over Homeowners with Problems by Dwelling Value, Mortgage and Overhoused Status**

	(percentage distributions)							
	Dwelling Value			Mortgage Status		Overhoused Status		
Severity of Problems	Less than $40,000	$40,000 to $99,000	$100,000 or over	With Mortgage	Without Mortgage	Overhoused	Not Overhoused	All Age 65 and Over Owner-Occupied Dwellings
Priority problems	21.9	23.8	33.3	62.2	22.0	29.0	26.5	27.2
Less serious problems	26.7	21.3	24.8	24.1	23.6	24.6	23.3	23.7
No problems	51.2	54.9	41.9	13.8	54.4	46.3	50.3	49.1
All age 65+ homeowners	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: U.S. Census Bureau 2000

in over two million households nationally and almost 11,000 homeowners in Maine with housing problems. However, if older homeowners with less serious problems also were to be targeted, this would add over 1.8 million U.S. older homeowners and 9,300 Maine older homeowners with problems (Table 5). Older homeowner advocates do not question that elderly renters overall are more likely to have housing problems, but they emphasize that subgroups of older homeowners exist with unmet housing needs comparable to older renters. They also point out that no one has ever conducted a benefit-cost analysis to examine the relative merits of assisting subgroups of older homeowners as opposed to older renters.

Older Homeowners Living in High-Valued Dwellings Need to Help Themselves

Skeptics point out that a substantial percentage of *very low income* age 65 and older homeowners live in high-valued and paid-up dwellings, and do not deserve government assistance. In the United States, about four out of 10 *very low income* older homeowners occupy dwellings valued over $100,000 and over 87% of this group own their homes free and clear (Table 8). Skeptics argue that almost six out of ten of the older homeowners occupying these high valued dwellings have affordability problems (Table 9) and thus they should simply sell their residences and relocate to less expensive rental or owned alternatives to alleviate their financial burdens. The large capital tax exclusion available to homeowners of all ages ($250,000 for single persons; $500,000 for couples) largely eliminates the tax disincentives of such sales.

This solution is not easily accomplished, however. Over 40% of the older homeowners in the United States have lived in their dwellings for more than 30 years and another 19% between 20 and 30 years. Maine's older homeowners have virtually identical duration in residence patterns.[13] The result is that most older homeowners have strong attachments to their dwellings and neighborhoods, still maintain strong friendship and neighbor social networks (Lawler 2001), and consistently emphasize that they would prefer not to move (AARP 2000). Thus, in practice, most older homeowners infrequently relocate from their dwellings, and if they do, it is most likely following the death of a spouse or because they must enter a nursing home (Venti and Wise 2001). Furthermore, selling and relocating is especially difficult in Maine, because of its high rental and homeownership costs (Maine State Housing Authority 1999b). Recent house price increases in parts of the state, especially southern Maine and along the coast, ranks the state among the highest in the nation (e.g., Portland, Portsmouth-Kittery area) (Maine State Housing Authority 2002). Since 1997, Maine has experienced steady home price appreciation that has only stabilized in the past year (Federal Deposit Insurance Corporation 2003). Frail older homeowners seeking affordable residential care facilities, such as assisted living facilities, confront similar barriers. Even as they cannot afford these private sector alternatives, their incomes are too high for them to qualify for any type of subsidized shelter or care settings (Lakari 1999).

Skeptics retort that if older homeowners in higher-valued dwellings do not want to move, they should simply borrow on their property's equity by obtaining a reverse mortgage.[14] This would allow them to cover their expenses yet enjoy the advantages of homeownership. Experts argue that the widespread adoption of this mortgage instrument would lead to a significant point decline in the percentage of low-income older homeowners below the poverty level (Kutty 1998). However, this has not been a popular solution. Older homeowners have largely avoided this approach and less than 1% nationally has obtained reverse mortgages. In Maine, there were 2.5 Home Equity Conversion Loans (HECM) originated for every 1,000 elderly homeowners in the state during 1999. Maine was ranked about the middle of all states with respect to its participation in this program. However, compared with other states, its rate of growth (112%) in the number of reverse mortgage borrowers lagged behind most other states (Rodda, Herbert, and Lam 2000).[15]

There are several possible reasons for this low demand. Older homeowners are reluctant to borrow on their home's equity because they see it as a last resort security blanket and they do not want to take on any forms of new debt. They also seek to transfer their wealth to their children. Alternatively, they are dissuaded by the relatively high up-front loan costs, the cap on the size of the reverse mortgage, or monthly payments they consider too low. The literature speculates that seniors perceive the reverse mortgage as a complicated financial transaction and thus are afraid that lenders will take advantage of their lack of knowledge and financial inexperience. They also recognize that the equity of their owned dwelling does not preclude them from participating in most long-term care programs (e.g., Medicaid) that do not

TABLE 10: **Distribution of Cash-Rich, Cash-Poor, House-Rich, and House-Poor Age 65 and Older Homeowners, United States, 1999**

	Income Categories (percentage of all age 65 and over owner-occupied households)				
Value of Owned Dwelling	Less than 30% AMI	31% to 50% AMI	51% to 80% AMI	81% and over AMI	All Incomes
Dwelling value less than $40,000	4.4	3.7	2.2	2.3	12.5
Dwelling value $40,000 to $99,000	9.2	9.6	9.7	11.4	39.9
Dwelling value $100,000 or more	8.6	8.7	9.9	20.5	47.6
All owner-occupied households	22.1	22.0	21.7	34.2	100.0

AMI: HUD Adjusted Area Median Income.

Source: U.S. Census Bureau 2000

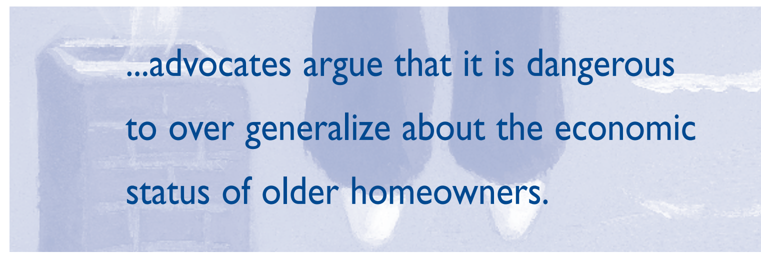
count the value of their dwellings when computing their qualified assets (Rasmussen, Megbolugbe, and Morgan 1997; Merrill, Finkel, and Kutty 1994; Eschtruth and Tran 2001).

Older homeowner advocates also argue that it is dangerous to over generalize about the economic status of older homeowners. Not all older homeowners with housing problems live in high-valued dwellings. Selling their homes and moving elsewhere would be especially difficult for the one out of every five *very low income* older homeowners who are also house-poor (Table 8)—who live in low-valued dwellings (under $40,000). About one out of every 10 of *all* older homeowners are both cash-poor (*very low income*) and house-poor (Table 10). Almost half the number of *very low income* homeowners living in these low-valued dwellings is paying over 30% of their incomes on their housing costs or are living in dwellings in poor physical condition (Table 9). Even as they have usually paid off their mortgages, they are still burdened by their insurance, utility, and property tax costs.

Older Homeowners with Housing Problems Often Still Hold Mortgages, a Short-Term Problem

Skeptics point out that just over one out of 10 *very low income* older homeowners still hold mortgages (Table 8) and over eight out of 10 of this group are experiencing some degree of affordability problems or living in dwellings with physical problems (Table 9). These homeowners have probably only recently come on to bad times because at some earlier time, they were able to qualify for these mortgages (Khadduri and Nelson 1992). Whatever the explanation, the problem is likely to be short-term (depending on the mortgage balance), and in any case, the solution is straightforward. They simply should sell their dwellings and move to less expensive ones.

Once again, this is an oversimplified portrayal of how mortgage status is linked with the problems of older homeowners. Almost one out of every two *very low income* older homeowners *without* a mortgage had priority or less serious problems, that is, they were paying over 30% of their incomes on their housing costs or occupied dwellings with serious or moderate physical problems (Table 9). Thus, some combination of insurance, property tax, and utility costs are a drain on their budgets. Older homeowners in Maine are especially likely to be in this category.



A robust housing market in the state has resulted in both higher property taxes and property insurance costs. Maine ranks among the top states in the country for its property tax burden (Maine State Housing Authority 2002). The problems of this group of homeowners might be even greater. They may also be burdened with dwelling upkeep and maintenance costs, but the data do not enumerate these housing costs.

Older Homeowners are Overhoused

Fourth, skeptics point out that almost three out of 10 *very low income* older homeowners are overhoused; that is, they are living in excessively large dwellings given their household size (Table 8). Overhoused households can be defined as those with less than 0.5 persons per bedroom (Golant 2002): an older man living alone in a three-bedroom dwelling or an older couple living in a five-bedroom house. Over half of these *very low income* overhoused homeowners have priority or less serious problems (Table 9). Skeptics contend that these households have more space than they need and thus are unnecessarily incurring extra costs of property upkeep, maintenance, taxes, insurance, and utilities. Once again, their solution is to sell or refinance. Advocates counter that an overhoused status cannot be so simply defined and that space utilization patterns change because older persons receive visits by their grown children and they can use that so-called extra space to accommodate a live-in professional/paid caregiver who would help them cope with their physical impairments.

SHOULD GOVERNMENT PROGRAMS HELP OLDER HOMEOWNERS STAY PUT?

Alleviating Housing Stock Problems without Seniors Having to Move

Older homeowners who desire to stay put in their current residences would argue for making *in situ* "rent" vouchers available to those with excessive housing costs.[16] Typically, voucher recipients would not have to pay over 30% of their incomes on their rent for private rental properties meeting fair housing rent and quality standards. The federal government has not used its Housing Choice Voucher Program, the most likely vehicle for such a subsidy, to achieve this goal up until now. However, low-income older homeowners can benefit, from three other types of dwelling-based assistance that can alleviate their problems: (1) dwelling repair, maintenance, rehabilitation, and home modifications; (2) property tax relief/deferral; and (3) subsidies to defray home energy expenditures.

> It has become more feasible than ever for physically and cognitively disabled older homeowners to stay put.

Federally-funded programs offer most of these benefits, though the amount of their allocations are often decided by state and county agencies: HUD's Community Development Block Grants and HOME programs; the Department of Health and Human Services' Low-Income Home Energy Assistance Program (LIHEAP); the Department of Energy's, Weatherization Assistance Program; the Department of Agriculture's, Rural Housing Services, Section 504 Home Repair Loan and Grant Program; and programs funded by the Department of Veterans Affairs. Published statistics are unavailable as to the extent that older homeowners benefit from these federal and state programs. State and county governments specifically fund their own programs, such as Maine's property tax relief program that enables low-income households generally and low-income renters age 62 and over, specifically, to pay lower property taxes. The share of property tax relief dollars that are allocated to assist seniors is a crucial policy decision. The state now has no coherent plan to reduce the property tax burden of its older homeowners (Bell 2003).

Addressing the Supportive Service Needs of Frail Older Homeowners

It has become more feasible than ever for physically and cognitively disabled older homeowners to stay put. The availability of family caregivers-in particular, spouses and daughters-has been crucial. About 57% of the U.S. elderly population with disabilities (not in nursing homes) depends exclusively on such caregiving, while 93% rely at least in part on this informal assistance (Spector, Pezzin, and Spillman 2000). As much care may be provided in the home as in a nursing home, especially if the costs for providing as much as 24-hour caregiving assistance are not an issue. Low-income homeowners with ADL and IADL deficits can potentially obtain assistance from a large array of home- and community-based services funded through the Social Services Block Grant program, Older Americans Act programs, Medicaid programs, and state general revenues.[17]

Over this past decade, low income seniors nationally have especially benefited from the doubling in the number of Medicaid long-term care dollars spent on home- and community-based services, even though the preponderance of funds are still spent on nursing homes (Redfoot and Pandya 2002). In Maine, for example, state and Medicaid spending on home care in 1995 represented only 10% of expenditures, but increased to 19% in 2002 (State of Maine, Bureau of Elder and Adult Services 2002). Medicaid program eligibility is a potentially strong motivating influence for older homeowners to stay put. The Medicaid program does not include the owned dwelling of older persons when counting their financial assets. On the other hand, if older homeowners would sell their dwellings and bank their returns, their cash assets could make them ineligible for this program. In this way, remaining a homeowner becomes part of an older household's long-term care planning decision.

Do We Unrealistically Romanticize Aging in Place?

Because older homeowners and their family members are so emotionally tied to their familiar settings, they often deemphasize the many practical problems they face when dealing with the impairments and health conditions of growing old. Those opting not to move may be spending a large share of their incomes on their housing costs or coping ineffectively with physically deficient and badly designed settings. We do not fully understand the quality of life consequences of these unaddressed threats to well-being (Newman 2003). For example, it is unclear to what extent income-strapped older homeowners skimp on other consumer expenditures (e.g., health care, prescriptions, food), have their dwellings fall into even more serious disrepair, have an increase in accidents, suffer from inadequately heated environments, or live in declining neighborhoods (Coalition for a Maine Aging Initiative 2001). It is perhaps surprising to acknowledge that we remain unclear as to how successful our current government responses are in eliminating these undesirable outcomes. State and local agencies often do not assess systematically and regularly the effectiveness of their programs. Nationally, advocates argue that we are underfunding programs such as home repair, home modifications and home energy subsidies and thus jeopardizing the well-being of many needy seniors (Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century 2002). However, in Maine, as in other states, overall impact assessments are unavailable.

Low-income frail seniors without a spouse, or those living with one who is also ailing, confront especially formidable barriers to obtaining the assistance they need to remain independent. They often cannot count on other family members (especially daughters) who are the most important purveyors of care, because these significant others are living in geographically distant locales, have time-consuming jobs, or simply find the caregiving role too difficult or overwhelming.

Aging in place successfully requires appropriate care responses. Older persons often have medical conditions that require procedures best delivered by a nurse, memory problems that demand constant supervision, and multiple difficulties performing everyday tasks that demand readily available hands-on care. They may require 24-hour a day caregiver assistance and part-time nursing or therapeutic services to deal with their multiple ailments.

Those seniors who must depend on affordable, government-subsidized services may be unaware of what programs are available and they may experience difficulty filling out lengthy applications and experience long delays before receiving needed services (Coalition for a Maine Aging Initiative 2001). They may find that when agencies deliver professional home care, it is available only infrequently or is not available when needed. They may simply distrust having paid providers in their homes. Very poor older homeowners who have less education or language difficulties may be more likely than others to experience these difficulties (Coalition for a Maine Aging Initiative 2001; Lawler 2001).

A fragmented service delivery system can also be a barrier (Lawler 2001), especially for seniors living in poorly maintained older homes who also have multiple health problems and impairments (Coalition for a Maine Aging Initiative 2001). They often require a complement of individually tailored, community- and home-based services, assistive devices, and home modifications provided by multiple programs and agencies. Yet, as a major advocacy report concluded (Elderly Housing Coalition 2000, 7):

> *An older person eligible for Medicare, Medicaid, Older Americans Act programs, and subsidized housing is treated by the government as four different entities…we see fragmented services, with one provider of services neither knowing what services are being delivered, nor informed about whether and how needs are being met. This leads to duplication, major gaps in services, and an inefficient use of resources.*

The predominantly rural locations of seniors in Maine make service access even more difficult. The latest U.S. census reports that 56% of Maine's age 65 and older population lives in rural areas and over 85 percent of this group are in places with fewer than 2,500 persons.[18] Rural seniors without automobile transportation are especially disadvantaged, particularly when they are trying to reach their physician appointments or hospital outpatient care (Burkhardt 2001). Longer travel times are especially likely when they are seeking care from specialty physicians (Medicare, Payment Advisory Commission 2001). In turn, it is more expensive and difficult for health and human service agencies to cater to smaller and more geographically spread-out markets; thus, they have more expensive capital and operating costs (Medicare, Payment Advisory Commission 2001). Family caregivers may also be disadvantaged because rural Maine lacks adequate respite and adult day care (Coalition for a Maine Aging Initiative 2001). Even the autonomy older persons realize by staying put is not without its costs. Since a high share of older persons in rural areas are women living alone, they are at a greater risk of having mental health or alcohol abuse problems because they are socially isolated and lack organized activities (Coalition for a Maine Aging Initiative 2001).

Furthermore, the home setting is usually an almost totally unregulated care environment. Concerned, but inexperienced and untrained family members often administer care but there is no oversight or quality assurances regarding procedures or outcomes. Unintentionally, family members may psychologically or physically mistreat their parents (Coalition for a Maine Aging Initiative 2001; Gordon 2003).

GOVERNMENT-ASSISTED RENTAL HOUSING AND ASSISTED LIVING FACILITY PROGRAMS: THE POTENTIAL AND THE REALITY

The Potential of Affordable Rent-Assisted Housing with Supportive Services

Government-subsidized rental accommodations offer a potential solution to many of the current housing problems of elderly homeowners. Not only could they benefit from the financial equity realized by selling their dwellings, but because of their subsequent overall lower monthly rental housing costs, they would have more disposable income to spend on other pressing needs. Those with physical frailties would also benefit from rental properties that were physically retrofitted with design features that enabled them to more fully and safely use their residential settings. Their ability to maintain their independent lifestyles would also be increased if they occupied the many examples of rent-assisted properties that provide regular on-site or home-delivered supportive services including demand-responsive transportation, or that have established partnerships with local organizations to facilitate their residents' access to a broad base of community services (Golant 1999; Wilden and Redfoot 2002).

These design features and supportive services are usually found in seniors-only buildings, because organizationally and economically, it is more feasible to offer these resources to a larger building concentration of seniors with similar needs. Comparable economies of scale are difficult to achieve when the same set of services are delivered to geographically dispersed homeowners in their lower density neighborhoods. However, any such cost comparisons, are complicated and deserve careful investigation.

The older tenants in these service-rich buildings not only reap tangible or material benefits, but they also feel in greater control of their lives and feel better about themselves because they are no longer preoccupied with those stressful conditions that have reminded them of their vulnerabilities (Golant 1984). Older tenants in seniors-only buildings—mostly woman living alone—can also more reliably count on neighbors to satisfy both their emotional and practical needs (Rosow 1967).

Even with their substantial dwelling equity positions, older homeowners often qualify for occupancy in these affordable rental programs. The Department of Housing and Urban Development treats a person's assets primarily as a potential source of generated income. Applicants who own their homes compute an imputed annual interest rate (now at 2%) on their dwelling's value or count the interest generated after they sell their dwellings and invest the proceeds. If they rent out their homes, HUD only counts their monthly tenant income. Thus, it is very possible for cash-poor homeowners (e.g., only receiving Social Security or Supplemental Security Income) in higher-valued properties to qualify for occupancy. Nationally, over a one-year period, 29% of the older occupants entering government-assisted projects were previously homeowners (McGough 1997).

Government-Subsidized Affordable Rental Accommodations: Limited Availability

Although government-subsidized rental housing holds promise for older homeowners with housing problems, only a very small percentage will be able to find available accommodations. The Seniors Commission estimated that there were 5.8 U.S. older households living in dwellings that they could not afford or that were in poor physical condition for every current government-assisted unit now occupied by an elderly person (Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century 2002). Supply is simply not keeping up with demand. As one example, funding levels for HUD's Section 202 rent-subsidized program, the principal dwelling production program targeted to older persons "is at one of the lowest points in its history" (Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century 2002, 82). HUD is currently funding the construction of only about 5,800 new Section 202 units as compared with 7,000 units annually in the 1990s. In 1999, there were nine senior applicants on waiting lists for every Section 202 unit becoming vacant (Heumann, Winter-Nelson, and Anderson 2001). In the same year, it was estimated that the over 18,000 government-subsidized apartments occupied by Maine's elderly population fell very short of the latent demand for these accommodations (Maine State Housing Authority 1999b). Older persons also have particular difficulty benefiting from Section 8 rental vouchers. A study of Section 8 voucher applicants[19] showed that persons age 62 and older had only a 54% success rate in finding appropriate housing, compared with a 68% success rate for those aged 25 to 61. Success rates also were predictably lower in tighter housing markets, such as found in Maine (Finkel and Buron 2001).

Furthermore, this inadequate supply problem may worsen (Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century 2002). Nationally, between 1996 and 2001, about 20,000 units of senior housing were lost from the inventory primarily because their owners converted them to market rate rentals. Another 324,000 owners of Section 8-assisted units are at-risk of converting their properties. Maine has not been spared. In 1999, a five-year projection estimated there were 3,500 assisted units in 104 projects with Section 8 contracts scheduled to expire (Burns 1999).

> Government-subsidized rental accomodations offer a potential solution to many of the problems of elderly homeowners.

Government-Subsidized Rental Housing: Not Always Affordable and in Good Physical Condition

Older persons who reside in government-assisted rental properties can still be experiencing burdensome housing costs. In 1999, about 26% of the older tenants in this country's government-assisted rental units were paying between 30.1% and 50% of their incomes on their dwelling costs, while 25% were paying over 50% (Golant 2002). These problems are typically attributed to survey errors: tenants who underreport their incomes and overreport their gross rents (McGough 1997). This is only part of the explanation especially for tenants in state-administered affordable rental programs (U.S. Department of Housing and Urban Development 2000). A convenience sample of 39 properties in the Low Income Tax Credit Program (LIHTC) found that 37% of the households (elderly and nonelderly) paid between 31% to 50% of their incomes on their dwelling costs and 13% paid over 50% (Buron et al. 2000). A study of the HOME[20] program found that 41% of the tenants (elderly and nonelderly) in rental properties had rent burdens of 31% to 50% and 19% had rent burdens of over 50% (Herbert et al. 2001).

About 10% of the elderly tenants in this country's government-assisted rental properties were living in accommodations that had either *severe or moderate physical problems.* The Department of Housing and Urban Development has long recognized that some of its properties are in poor physical condition, even as both Public Housing Agencies and private owners of multifamily rent-assisted units are required to inspect and adequately maintain their properties. In 2000, only 70% of public housing units (elderly and nonelderly) and only 86% of the units in the multifamily housing stock were found in developments that met HUD's physical condition standards (U.S. Department of Housing and Urban Development 2001).

Even if policymakers agree to help certain groups of older homeowners with housing problems, they may disagree on what constitutes an appropriate mix of public policy responses.

The Paucity of Specially Designed Rent-Assisted Buildings with Supportive Services Addressing the Needs of Physically Frail Seniors

Only a relatively small share of affordable government-subsidized accommodations have design features and on-site or accessible supportive services for meeting the needs of their physically frail older occupants. These projects are funded under various federal assistance programs, such as Section 236, Section 221, Public Housing, the Low Income Tax Credit Program, or Rural Housing Services. Even as the benefits of such options are well-known, political and funding realities have restricted their availability (Golant 2003; Lawler 2001).

The extent to which the rent-assisted housing stock in Maine offers these benefits is not documented although at least seven tax-credit financed affordable rental properties now provide some supportive services to their frail older tenants (State of Maine Bureau of Elder and Adult Services 2002). Nationally, the Section 202 program has funded the construction of a disproportionate share of properties that address the needs of low-income frail seniors. Most have some supportive and accessible design features in place (e.g., grab rails, entrance ramps, and call buttons) and community space for social and recreational facilities; about half have spaces for congregate dining and visiting services. Almost four out of 10 have professional service coordinators to assist the elderly tenants, about a quarter have on-site meal programs and offer housekeeping services, while one out of 10 have staff who offered social work or counseling services. Only about 5% provided assisted living-like services to their tenants (Heumann, Winter-Nelson, and Anderson 2001).[21]

Affordable Assisted Living Facilities in Short Supply

The assisted living facility (ALF) integrates shelter, scheduled and unscheduled personal care and sometimes nursing and health services within the same physical setting but tries to avoid looking and operating like the nursing home with its decidedly institutional flavor. Owned and managed predominantly by the for-profit sector, its advocates often portray it as a noninstitutional alternative to the nursing home that can accommodate older people even with substantial health care needs and severe physical and cognitive impairments. In practice, ALFs largely reflect the philosophies of individual state governments. Their regulatory environments largely determine the extent to which ALFs can accept and retain physically and cognitively frail older persons with health care needs (Mollica 2002). Thus, despite their many similarities, they differ substantially in regards to their physical infrastructure, operating features, standards and levels of care, and tolerated frailty thresholds.

Assisted living facilities are more available than ever throughout the United States. About 32 states and the District of Columbia have an assisted living licensing category or statute. Three categories of assisted living are licensed in Maine (Level 1 and II Residential Care Facility and Congregate Housing Services Program) (Mollica 2002). Primarily higher income seniors find ALFs affordable. In Maine, for example, most of its almost 700 ALFs (over 8,000 units) have monthly fees of over $1,500 (Maine State Housing Authority 1999). Nationally, fewer than 12% of ALF beds/units subsidize the services provided by ALFs through Medicaid funding (Mollica 2002). Maine subsidizes its ALF units with its Medicaid state plan option and state revenues. Residents in licensed Congregate Housing Services Program facilities can also receive waiver-funded services (Mollica 2002).

The Assisted Living Conversion Program initiated in fiscal year 2000 is the most recent effort by HUD to increase the number of ALF units that can accommodate low-income frail seniors. An owner or sponsor of a government-subsidized rental building can seek funding to modify its physical infrastructure—its units and common spaces—so that it can be licensed by its state as an assisted living facility.[22] The funding is only available to make structural changes or to introduce physical design features. The facility's sponsor must guarantee the availability of service delivery financing from third-party sources and secure state regulatory approval to operate as an assisted living facility. To date, this program has funded only a small number of properties, at least in part because the application process is exceptionally complex and because of the limited availability of state-administered Medicaid Waivers. Moreover, in Maine elderly beneficiaries of the Waiver program must also meet very stringent nursing home level-of care criteria to be eligible. HUD has approved the conversion of three federally funded elderly housing projects to assisted living (State of Maine, Bureau of Elder and Adult Services 2002).

CONCLUSIONS

This paper has pointed to the substantial numbers of older homeowners in the United States and specifically in Maine who are paying an excessive amount of their incomes on their housing costs or are living in physically substandard dwellings. The most vulnerable are low-income older homeowners, especially those who have physical or cognitive limitations that are making it difficult for them to maintain their current independent living arrangements.

The paper questioned if and how public policies should target the problems confronted by older homeowners. Such a dialogue is especially critical during periods when federal, state, and local governments have more restricted fiscal budgets and when many needy groups are competing for the same funds. It is evident that policymakers can rely on various arguments to discount the needs of this large group of older homeowners. Thus, they can exclude from their targeted pool all but the most poor, those living in higher valued dwellings, those who are overhoused, and those still making mortgage payments. They can argue that these excluded groups should cope with their problems without government assistance: They should sell their dwellings and move to more affordable housing, or alternatively, stay put by securing reverse mortgage financing and relying more on their families.

Even if policymakers agree to help certain groups of older homeowners with housing problems, they may disagree on what constitutes an appropriate mix of public policy responses. This paper briefly considered the approaches by which older homeowners can deal with their housing problems with and without moving. It emphasized that even as most older homeowners are reluctant to leave their familiar dwellings, they often have difficulty correcting the physical deficiencies of their dwellings, eliminating their design barriers, alleviating their dwelling cost burdens, or securing the full complement of affordable home- and community-based services to help them cope with their frail status. Thus, although conventional wisdom has emphasized the desirability of aging in place, this paper suggests that older persons, family members, and advocates might be unrealistically romanticizing this solution.

It argued that the relocation of older homeowners to rent-assisted apartments, especially in properties where the occupants could easily access supportive services, would alleviate many of their current problems. Unfortunately, the feasibility of this alternative is questionable because such affordable rent-assisted units are now in short supply and the gap between demand and availability is only likely to worsen. Furthermore, there is unsettling evidence that when older persons move into some of these facilities, they may still have to confront problems of affordability and substandard physical accommodations. In many other properties, they will find that supportive services are unavailable.

Shelter and care also has been successfully linked in the private sector developed assisted living facility. However, this option is primarily targeted to high income seniors, and it remains an elusive alternative for low-income older homeowners. The limitations of government-subsidy programs have made it possible for only a small share of low-income seniors to benefit from this alternative.

It is unfortunately clear that most low-income older homeowners with unmet needs confront very limited choices. This situation will only worsen as both federal and state governments further tighten their already restricted fiscal budgets. However, at the very least, state and local governments should formulate an agenda for action for dealing with the unmet needs of the older homeowner, even in periods of scarce funding.

Stephen M. Golant, Ph.D., is Professor of Geography at the University of Florida. His research and writing have focused on the housing, care, and mobility needs of the elderly population, about which he has written or edited about 100 papers and books, including *Housing America's Elderly: Many Possibilities, Few Choices* (Sage Publications 1992) and the CASERA Report (Creating Affordable and Supportive Elder Renter Opportunities 1999). Most recently, he was the principal consultant to the Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century (Seniors Commission).

ENDNOTES

1. U.S. Census 2000, Summary File 1, Table QT-H2.
2. U.S. Census 2000, Summary File 4 (SF4), 100-Percent Data, Table HCT9.
3. http://www.huduser.org/datasets/il/fmr03/index.html
4. U.S. Census, 2000, Summary File 4, Table PCT91.
5. Some of the households with affordability problems also occupy dwellings in poor physical condition and thus are counted in both categories. A very small percentage of older households (0.2%) occupy over-crowded units (1.01 or more persons per room).
6. However, Maine's older homeowners may be particularly disadvantaged by their state's especially high property taxes (Maine State Housing Authority 2002) and energy costs (Maine State Housing Authority 1999). On the other hand, Maine's attraction to higher-income older homeowners may result in overall lower shares with affordability problems.
7. U.S. Census 2000, Summary File 4, Table HCT83.
8. The U.S. Census reports that in 1999, 24% of Maine's age 65 and over population (owners and renters) were below the 150% poverty level (U.S. Census 2000, Summary File 4, Table PCT144).
9. The Lewin Group computed these and other disability statistics reported in this paper for the Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century (Seniors Commission). These data were drawn from The Survey of Income and Program Participation (SIPP), specifically, the 1996 panel, topical module of Wave 5 (Golant 2002).
10. U.S. Census Bureau, Summary File 1, Table QT-H2.
11. "Worst-case" needs were created by the Senate appropriations housing subcommittee in the mid-1980s and mirrored the then "federal preferences" for rental assistance that included unassisted "very low-income" renters who pay over 50% of their income for rent, live in substandard housing, or are involuntarily displaced (Nelson and Khadduri 1992). With the passage of the Quality Housing and Work Responsibility Act of 1998, these preferences were officially dropped.
12. The Section 202 Supportive Housing for the Elderly Program (the Section 202 program) provides funds to nonprofit organizations to develop affordable rental housing exclusively for very low-income elderly households that are not receiving other forms of

housing assistance. In fiscal year 2002, the Section 202 program received about $783 million in appropriations to fund, among other things, the construction of over 6,000 rental units.

13. U.S. Census 2000, Summary File 4 (SF4), 100-Percent Data, Table HCT26.

14. This is a financial instrument designed to allow older homeowners (age 62 and over) with lower incomes (cash-poor), but who occupy relatively high valued homes (house-rich), to borrow against the equity in their dwelling. They can receive tax-free cash payments, either advanced in one or more lump sums, in a steady stream of monthly income payments, as a line of credit, in the form of a purchased annuity, or some combination of these payment types. Older homeowners do not have to pay back their loans and the imputed interest until they die or move from their home. Most reverse mortgage borrowers participate in the federal government's Home Equity Conversion Mortgage Insurance Program or HECM.

15. For the last recorded period, 1995-1999.

16. Section 8 vouchers administered by Public Housing Agencies.

17. Most older homeowners do not benefit from one of the largest federal subsidies, namely the mortgage interest deduction, because they have paid off their mortgages or their interest share of their mortgage is relatively small in its late stages (Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century 2002).

18. U.S. Census 2000, Summary File 1 (SF1), 100-Percent Data, Table GCT-P15. An owner-renter or income level breakdown is unavailable.

19. A rent subsidy that can be used to make market rate rental units affordable that meet fair market rent and physical condition requirements.

20. The HOME Program helps to expand the supply of decent, affordable housing for low and very low-income families by providing grants to States and local governments referred to as participating jurisdictions or "PJs." PJs use their HOME grants to fund housing programs that meet local needs and priorities.

21. Service coordinators are hired either on a full- or part-time basis to help senior tenants access and secure needed home- and community-based services, help monitor their outcomes, counsel them, and serve as their confidants (Sheehan 1999).

22. They may convert one or two floors or the whole building. The grant covers items such as: retrofitting a regular apartment to make it accessible for a person with disabilities; retrofitting common spaces to make them accessible for persons with disabilities; introducing new or modifying existing common spaces such as kitchen, nurse's station, staff spaces; and modifying building infrastructure such as air conditioning, lighting, plumbing, alarm systems, and sprinkling systems.

REFERENCES

Bell, Tom. "Tax Relief Remains Thorny Problem." *Portland Press Herald* 22 June 2003, final ed.

AARP. *Fixing to Stay: A National Survey of Housing and Home Modification Issues*. Washington: AARP, 2000.

Bier, Thomas. *Moving Up, Filtering Down: Metropolitan Housing Dynamics and Public Policy.* Washington: Brookings Institution, Center on Urban and Metropolitan Policy, 2001.

Burkhardt, Jon E. "Transportation Support for Healthy Aging Among the Rural Elderly." U.S. Special Committee on Aging, United States Senate. *Healthy Aging in Rural America.* Washington: U.S. Government Printing Office, 2001: 5-29.

Burkhauser, Richard V., Barbara A. Butrica, and Michael J. Wasylenko. "Mobility Patterns of Older Homeowners: Are Older Homeowners Trapped in Distressed Neighborhoods." *Research on Aging.* 17.4 (1995): 363-84.

Burns, Laura. "A Challenge for the Next Decade: Preserving Affordable Rental Housing." *Maine Policy Review.* 8.1 (1999): 36-43.

Buron, Larry, Sandra Nolden, Kathleen Heintzi, and Julie Stewart. *Assessment of the Economic and Social Characteristics of LIHTC Residents and Neighborhoods, Final Report.* Washington: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, 2000.

Coalition for a Maine Aging Initiative (CMAI). *Getting Old in Maine.* Augusta, ME: Coalition for a Maine Aging Initiative (CMAI), 2001.

Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century. *A Quiet Crisis in America: A Report to Congress*. Washington: U.S. Government Printing Office, 2002.

Elderly Housing Coalition. *Providing an Affordable Continuum of Care for Low-income Residents of Senior Housing*. Washington: American Association of Homes and Services for the Aging, The Elderly Housing Coalition, 2000.

Eschtruth, Andrew D., and Long C. Tran. "A Primer on Reverse Mortgages." *Just the Facts on Retirement Issues*. October.3 (2001): 1-4.

Federal Deposit Insurance Corporation. *FDIC State Profile, Maine*. Summer 2003. (Retrieved from http://www.fdic.gov/bank/analytical/stateprofile/ny/NE/Maine/me.html)

Finkel, Meryl, and Larry Buron. *Study on Section 8 Voucher Success Rates, Vol. 1*. Washington: U.S. Department of Housing and Urban Development, 2001.

Golant, Stephen M. *A Place to Grow Old: The Meaning of Environment in Old Age*. New York: Columbia UP, 1984.

Golant, Stephen M. "Changing an Older Person's Shelter and Care Setting: A Model to Explain Personal and Environmental Outcomes." *Environment and Aging Theory: A Focus on Housing*. Eds. Paul G Windley and Rich J Scheidt. New York: Greenwood Press, 1998. 34-60.

Golant, Stephen M. *The CASERA Project*. Tallahassee: Stephen M. Golant and Margaret Lynn Duggar and Associates, Inc., 1999.

Golant, Stephen M. "The Housing Problems of the Future Elderly Population, Appendix G-1." *A Quiet Crisis in America: A Report to Congress*. Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century. Washington: U.S. Government Printing Office, 2002. 189-370.

Golant, Stephen M. "Political and Organizational Barriers to Satisfying Low-income U.S. Seniors Need for Affordable Rental Housing With Supportive Services." *Journal of Aging and Social Policy*. Forthcoming, 2003.

Gordon, Mike. "Abuse of Elderly Called State's 'Hidden Epidemic'." *The Honolulu Advertiser* (2003).

Herbert, Christopher E., et al. *Study of the Ongoing Affordability of HOME Program Rents*. Cambridge: Abt Associates, Inc., 2001.

Heumann, Leonard, Karen Winter-Nelson, and James R. Anderson. *The 1999 National Survey of Section 202 Elderly Housing*. Washington: AARP, 2001.

Joint Center for Housing Studies of Harvard University. *The State of the Nation's Housing, 2001*. Cambridge: Joint Center for Housing Studies of Harvard University, 2001.

Khadduri, Jill, and Kathryn Nelson. "Targeting Housing Assistance." *Journal of Policy Analysis and Management*. 11.2 (1992): 21-41.

Kutty, Nandinee. "The Scope for Poverty Alleviation Among Elderly Homeowners in the United States Through Reverse Mortgages." *Urban Studies*. 35.1 (1998): 113-29.

Lakari, David. "Maine's Future Housing Needs." *Maine Policy Review*. 8.1 (1999): 18-23.

Lawler, Kathryn. *Aging in Place: Coordinating Housing and Health Care Provision for America's Growing Elderly Population*. Cambridge: Harvard Joint Center on Housing Studies, 2001.

Maine State Housing Authority. *Maine Consolidated Plan: Five-Year Plan, 2000-2005*. Augusta, ME: Maine State Housing Authority, 1999a.

Maine State Housing Authority. *The State of Maine's Housing, 1999*. Augusta, ME: Maine State Housing Authority, 1999b.

Maine State Housing Authority. *The State of Maine's Housing, 2002*. Augusta, ME: Maine State Housing Authority, 2002.

McGough, Duane T. *Characteristics of HUD-Assisted Renters and Their Units in 1993*. Washington: U.S. Office of Policy Development and Research, Department of Housing and Urban Development, 1997.

Medicare Payment Advisory Commission. *Report to the Congress: Medicare in Rural America*. Washington: Medicare Payment Advisory Commission, 2001.

Merrill, Sally R., Meryl Finkel, and Nandinee Kutty. "Beneficiaries From Reverse Mortgage Products for Elderly Homeowners: An Analysis of American Housing Survey Data." *Journal of the American Real Estate and Urban Economics Association (AREAUEA)*. 22.2 (1994): 433-50.

Mollica, Robert L. *State Assisted Living Policy 2002*. Portland, ME: National Academy for State Health Policy, 2002.

Nelson, Kathryn P., and Jill Khadduri. "To Whom Should Limited Housing Resources Be Directed?" *Housing Policy Debate*. 3.1 (1992): 1-55.

Newman, Sandra. "The Living Conditions of Elderly Americans." *The Gerontologist.* 43.1 (2003): 99-109.

Pynoos, Jon, et al. "The Delivery of Home Modification and Repair Services." *Staying Put: Adapting the Places Instead of the People.* Eds. Susan Lanspery and Joan Hyde. Amityville: Baywood Publishing Co., 1997. 171-92.

Rasmussen, David W., Isaac F. Megbolugbe, and Barbara Morgan. "The Reverse Mortgage as an Asset Management Tool." *Housing Policy Debate.* 8.1 (1997): 173-94.

Redfoot, Donald, and Sheel M. Pandya. *Before the Boom: Trends in Long-term Supportive Services for Older Americans With Disabilities*. Washington: AARP, 2002.

Rodda, David T., Christopher Herbert, and Hin-Kin Lam. *Evaluation Report of FHA's Home Equity Conversion Mortgage Insurance Demonstration.* Washington: U.S. Housing and Urban Development, 2000.

Rosow, Irving. *Social Integration of the Aged.* New York: Free Press, 1967.

Sheehan, Nancy W. "The Resident Services Coordinator Program: Bringing Service Coordination to Federally Assisted Housing." *Journal of Housing for the Elderly.* 13.1/2 (1999): 35-49.

State of Maine, Bureau of Elder and Adult Services. *Long-term Care Status Report.* Augusta, ME: State of Maine, Bureau of Elder and Adult Services, 2002.

U.S. Census Bureau. *Current Housing Reports, Series H150/99, American Housing Survey for the United States: 1999*. Washington: U.S. Government Printing Office, 2000.

U.S. Census Bureau. *Survey of Income and Program Participation (SIPP).* Topical module Wave 5, 1996 panel. (Retrieved from http://www.sipp.census.gov/sipp/)

U.S. Census Bureau 2000. *Census of Population and Housing, Public Use Microdata Sample, United States: Technical Documentation.* Washington: U.S. Census Bureau, 2003.

U.S. Department of Housing and Urban Development. *Rental Housing Assistance—The Worsening Crisis: A Report to Congress on Worst Case Housing Needs*. Washington: U.S. Department of Housing and Urban Development, 2000.

U.S. Department of Housing and Urban Development. *FY 2002 Annual Performance Plan.* Washington: U.S. Department of Housing and Urban Development, 2001.

U.S. General Accounting Office. *Elderly Housing: Project Funding and Other Factors Delay Assistance to Needy Households*. Washington: General Accounting Office, 2003.

Venti, Steven F., and David A. Wise. *Aging and Housing Equity: Another Look, Working Paper 8608.* Cambridge: National Bureau of Economic Research, 2001.

Wilden, Robert, and Donald L. Redfoot. *Adding Assisted Living Services to Subsidized Housing Serving Frail Older Persons With Low Incomes*. Washington: AARP, Public Policy Institute, 2002.